

TOWNSHIP OF MILLBROOK
MECOSTA COUNTY, MICHIGAN

REPORT ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

Auditing Procedures Report V1.04

[Reset Form](#)[Email](#)

Issued under Public Act 2 of 1968, as amended .

Unit Name	Millbrook Township	County	MECOSTA	Type	TOWNSHIP	MuniCode	
Opinion Date-Use Calendar	July 27, 2008	Audit Submitted-Use Calendar	July 29, 2008	Fiscal Year-Use Drop List		2008	

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/>	18. Are there reported deficiencies?
<input checked="" type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="text" value="\$134,338"/>
General Fund Expenditure:	<input type="text" value="\$61,310"/>
Major Fund Deficit Amount:	<input type="text"/>

General Fund Balance:	<input type="text" value="\$393,297"/>
Governmental Activities Long-Term Debt (see instructions):	<input type="text"/>

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	Barry	Last Name	Gaudette	Ten Digit License Number	1101011050		
CPA Street Address	3994 Sherwood Forest Drive	City	Traverse City	State	MI	Zip Code	49686
CPA Firm Name	Barry E. Gaudette, CPA, PC	Unit's Street Address	731 S. Garfield Ave.	City	Traverse City, MI	LU Zip	49686

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INTRODUCTORY SECTION

TOWNSHIP OF MILLBROOK
LIST OF ELECTED OFFICIALS
MARCH 31, 2008

ELECTED OFFICIALS

Bruce Eldred	Supervisor
Eleanor Stickler	Clerk
Sally D. Birch	Treasurer
John E. Orr	Trustee
Randy Spayd	Trustee

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Members of the Township Board
Township of Millbrook
Mecosta County, Michigan

I have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of the Township of Millbrook, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Millbrook, Michigan's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

Since it was not practical to extend my auditing procedures into the prior unaudited year, I am unable to express an opinion on the consistency of application of accounting principles with the preceding year.

Township of Millbrook
Independent Auditors' Report
Page Two

In my opinion, except for the effects of the omission of the information mentioned in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of the Township of Millbrook, Michigan, as of March 31, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial statements referred to above do not include the Management Discussion and Analysis, which is required supplementary information and should be included in order to conform with accounting principles generally accepted in the United States of America.

Barry E. Landolt, CPA, PC

July 27, 2008

BASIC FINANCIAL STATEMENTS

Township of Millbrook
Government-Wide Financial Statements
Statement of Net Assets
March 31, 2008

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 220,642
Investments	90,000
Due from other funds	75,990
Capital assets (net of accumulated depreciation):	
Land and improvements	30,000
Buildings and improvements	<u>17,856</u>
Total assets	<u>434,488</u>
 LIABILITIES	
Accounts payable	<u> </u>
Total liabilities	<u> </u>
 NET ASSETS	
Invested in capital assets	47,856
Unrestricted	<u>386,632</u>
Total net assets	<u>\$ 434,488</u>

See notes to financial statements

Township of Millbrook
Government-Wide Financial Statements
Statement of Activities
For the Year Ended March 31, 2008

Functions /Programs	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
Legislative	\$ 11,595	\$	\$	\$
General				
Government	45,679	1,750	2,156	3,288
Public works	<u>4,836</u>	<u></u>	<u></u>	<u></u>
Total governmental activities	<u>\$ 62,110</u>	<u>\$ 1,750</u>	<u>\$ 2,156</u>	<u>\$ 3,288</u>

General revenues:
Property taxes
State revenue sharing
Interest earnings
Rents
Other

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

See notes to financial statements

Net (Expense)
Revenue and
Changes in
Net Assets

Governmental
Activities

\$ (11,595)

(38,485)

(4,836)

(54,916)

38,765

78,023

8,317

510

1,529

127,144

72,228

362,260

\$ 434,488

Township of Millbrook
Balance Sheet
Governmental Funds
March 31, 2008

	<u>General</u>	<u>Total Governmental Funds</u>
ASSETS		
Cash and cash equivalents	\$ 220,642	\$ 220,642
Taxes receivable	3,930	3,930
Prepaid insurance	2,735	2,735
Investments	90,000	90,000
Due from other funds	<u>75,990</u>	<u>75,990</u>
Total assets	<u>\$ 393,297</u>	<u>\$ 393,297</u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ _____	\$ _____
Total liabilities	_____	_____
Fund balances		
Unreserved, reported in:		
General fund	<u>\$ 393,297</u>	<u>\$ 393,297</u>
Total fund balances	<u>393,297</u>	<u>393,297</u>
Total liabilities and fund balances	<u>\$ 393,297</u>	<u>\$ 393,297</u>

See notes to financial statements

Township of Millbrook
Reconciliation of the Governmental Funds
Balance Sheet
With the Statement of Net Assets
March 31, 2008

Amounts reported for governmental activities in the
statement of net assets are different because:

Total Fund Balance - Governmental Funds	\$ 393,297
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Capital assets used in governmental activities
are not financial resources and therefore are
not reported as assets in governmental funds:

Cost of capital assets	53,006
Accumulated depreciation	<u>(5,150)</u>

Total Net Assets - Governmental Activities	<u>\$ 441,153</u>
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See notes to financial statements

Township of Millbrook
Statement of Revenues, Expenditures, and Changes
in Fund Balance
Governmental Funds
For the Year Ended March 31, 2008

	<u>General</u>	<u>Total Governmental Funds</u>
REVENUES		
Taxes & adm. fees	\$ 38,765	\$ 38,765
Intergovernmental revenue from state:		
State revenue sharing	78,023	78,023
SET	2,156	2,156
Metro Act	3,288	3,288
Charges for services	1,750	1,750
Interest earnings	8,317	8,317
Rents	510	510
Other:		
Sale of cemetery lots	100	100
Refunds	<u>1,429</u>	<u>1,429</u>
Total revenues	<u>134,338</u>	<u>134,338</u>
EXPENDITURES		
Current:		
Legislative	11,595	11,595
General government	44,879	44,879
Public works	<u>4,836</u>	<u>4,836</u>
Total expenditures	<u>61,310</u>	<u>61,310</u>
Net changes in fund balance	73,028	73,028
Fund balance - beginning	<u>320,269</u>	<u>320,269</u>
Fund balance - ending	<u>\$ 393,297</u>	<u>\$ 393,297</u>

See notes to financial statements

Township of Millbrook
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance of Governmental Funds
To the Statement of Activities
For the Year Ended March 31, 2008

Amounts reported for governmental activities in the
statement of activities are different because:

Total net change in fund balances - total governmental funds	\$ 73,028
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded (were less than) depreciation in the current period.	(800)
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Change in net assets of governmental activities	<u>\$ 72,228</u>
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See notes to financial statements

Township of Millbrook
Statement of Fiduciary Funds
Fiduciary Funds
March 31, 2008

	<u>Pension Plan Trust Fund</u>	<u>Cemetery Perpetual Care Fund</u>	<u>Tax Collection Fund</u>
ASSETS			
Cash and cash equivalents	\$ 1,322	\$	\$ 75,990
Investments		<u>5,500</u>	
Total assets	<u>1,322</u>	<u>5,500</u>	<u>75,990</u>
LIABILITIES			
Due to other funds			75,990
Due to other governmental units			
Total liabilities			<u>75,990</u>
NET ASSETS			
Held in trust for other purposes	<u>\$ 1,322</u>	<u>\$ 5,500</u>	<u>\$</u>

See notes to financial statements

Township of Millbrook
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended March 31, 2008

	<u>Pension Plan Trust Fund</u>	<u>Cemetery Perpetual Care Fund</u>	<u>Tax Collection Fund</u>
ADDITIONS			
Property tax collections and fees	\$	\$	\$ 942,611
Contributions	1,251		
Interest earned	<u>3</u>	<u>2</u>	<u>1,271</u>
Total additions	<u>1,254</u>	<u>2</u>	<u>943,882</u>
DEDUCTIONS			
Payments to general fund		907	38,765
Payments to other governmental units			905,117
Payments to pension	<u>1,251</u>	<u></u>	<u></u>
Total deductions	<u>1,251</u>	<u>907</u>	<u>943,882</u>
Changes in net assets	3	(905)	
Net assets - beginning	<u>1,319</u>	<u>905</u>	<u></u>
Net assets - ending	<u>\$ 1,322</u>	<u>\$</u>	<u>\$</u>

See notes to financial statements

Township of Millbrook
Notes to the Financial Statements
March 31, 2008

I. Summary of significant accounting policies

The financial statements of the Township of Millbrook (the Township) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below.

A. Reporting entity

The Township is governed by an elected five-member board. The accompanying financial statements present the Township's operations for which the government is considered to be financially accountable. The Township has no component units and is not responsible for any jointly governed organizations.

B. Government-wide financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of the interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from the goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

I. Summary of significant accounting policies (Continued)

C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provided have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when a payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township property tax is levied each December 1st on the taxable valuation of property (as defined by State statutes) located in the Township as of the preceding December 31st. Real property taxes not collected as of March 1st are turned over to Mecosta County, which advances the Township 100% for the delinquent taxes.

The 2007 taxable valuation of the Township totaled \$31,344,110, on which ad valorem taxes levied consisted of 1.2321 mills for Township operating purposes and voted millage of .9857 mills for fire prevention purposes. The operating millage is reported in the General Fund as current tax revenue. The fire millage was paid directly to the Millbrook

I. Summary of significant accounting policies (Continued)

C. Measurement focus, basis of accounting and financial statement presentation (Continued)

-Rolland Township Fire Department.

The Township reports the following major governmental funds:

The *general fund* is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Township reports the following fiduciary funds:

The *pension plan trust and cemetery perpetual care funds* are expendable trust funds. The measurement focus of expendable trust funds is the same as for governmental funds.

The *tax collection fund* is used to account for resources held by the Township in a purely custodial capacity. Money in this fund is from current tax and special assessment collections. Timely distribution to the appropriate fund and local unit must be made in accordance with Section 43 of the General Property Tax Act.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The Township did not have any proprietary funds.

When both restricted and unrestricted resources are available for use, it is the government's policy to use unrestricted sources first, then unrestricted resources as they are needed.

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, short-term investments with

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net assets or equity (Continued)

1. Deposits and investments (Continued)

original maturities of three months or less from the date of acquisition.

State statutes authorize the Township to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, saving and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or Nation Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which mature not more than 270 days after the date of purchase. The Township is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

2. Short-term interfund receivables/payable

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet in the governmental fund financial statements.

3. Receivables and payables

All trade and property tax receivables are shown net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

4. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net assets or equity (Continued)

5. Capital assets

Capital assets, which include property, plant, and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded as historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property and equipment of the Township is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20

6. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

In the fund financial statements, governmental fund types, recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The Township of Millbrook does not have any long-term obligations.

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net assets or equity (Continued)

7. Fund equity

In the fund financial statements, governmental funds report the reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

8. Comparative data/reclassifications

If the Township had an individual enterprise fund, comparative total data for the prior year would have been presented only in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

II. Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Supervisor submits to the Township Board a proposed budget for the fiscal year commencing on April 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth in the combined statement of revenues, expenditures and changes in fund balances - budget and actual - GAAP basis - general funds.
2. Public hearings are conducted to obtain taxpayer comments.

II. Stewardship, compliance, and accountability (Continued)

A. Budgetary information (Continued)

3. Prior to April 1, the budget is legally adopted by the Township Board as a resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, or in excess of the amount appropriated.
4. The Supervisor is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the Township Board.
5. Formal budgetary integration is employed as a management control device during the year for the general fund.
6. The budget as presented, has not been amended. Supplemental appropriations were made during the year with the last one approved prior to April 1st.

B. Excess of expenditures over appropriations

For the year ended March 31, 2008, expenditures exceeded appropriations in the activities of township board, assessor, and elections (the legal level of budgetary control) of the general fund by \$495, \$429, and \$703, respectively. This overexpenditure was funded by the available fund balance in the general fund.

III. Detailed notes on all funds

A. Deposits and investments

Deposits

The Township's policies regarding deposits of cash are discussed in Note 1. The table presented below is designed to disclose the level of custody credit risk assumed by the Township based upon how its deposits were insured or secured with collateral at March 31, 2008. The categories of credit risk are defined as follows:

III. Detailed notes on all funds (Continued)

A. Deposits and investments (Continued)

Deposits (Continued)

Category 1 - Insured by FDIC or collateralized with securities held by the Township (or public trust) or by its agent in its name.

Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Township's name.

Category 3 - Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Township's name; or collateralized with no written or approved collateral agreement.

		<u>Custody Credit Risk</u>			
	<u>Total</u>	<u>Category</u>	<u>Category</u>	<u>Category</u>	<u>Total</u>
	<u>Bank</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>Carrying</u>
	<u>Balance</u>				<u>Value</u>
Demand					
deposits	\$ 38,109	\$ 38,109	\$	\$	\$ 10,293
Savings	287,661	100,000	187,661		287,661
	<u>\$325,770</u>	<u>\$138,109</u>	<u>\$187,661</u>	<u>\$</u>	<u>\$297,954</u>

Investments

The Township's policies and applicable laws regarding investments are discussed in Note 1(d) and 2(b). The table presented below is designed to disclose the level of market risk and custody credit risk assumed by the Township (or public trust) based upon whether the investments are insured or registered and upon who holds the security at March 31, 2008. The categories of credit risk are defined as follows:

Category 1 - Insured or registered with securities held by the Township or its agent in the Township's name.

Category 2 - Uninsured and unregistered with securities held by counterparty's trust department or agent in the Township's name.

Category 3 - Uninsured and unregistered with securities held by the counterparty or by its trust department or agent but not in the Townships name.

III. Detailed notes on all funds (Continued)

A. Deposits and investments (Continued)

Investments (Continued)

	<u>Custody Credit Risk</u>			<u>Carrying Amount</u>	<u>Fair Value</u>
	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>		
Certificate of deposits	\$ <u>5,500</u>	\$ <u>90,000</u>	\$ <u> </u>	\$ <u>95,500</u>	\$ <u>95,500</u>

A reconciliation of cash as shown on the statements of net assets follows:

Carrying amount of deposits	\$ 297,954
Investments	<u>95,500</u>

Total \$ 393,454

Cash and cash equivalents:

General fund	\$ 310,721
Tax collection fund	103,727
Pension fund	1,322
Perpetual care fund	5,500
Checks written in excess of deposits	<u>(27,816)</u>

Total \$ 393,454

B. Receivables

The County of Mecosta owes the Township delinquent taxes of \$3,930 for operating purposes as of March 31, 2008.

III. Detailed notes on all funds (Continued)

C. Capital assets

Capital asset activity for the year ended March 31, 2008
was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land & improvements	\$ 30,000	\$	\$	\$ 30,000
Capital assets, being depreciated:				
Buildings & improvements:				
Township hall improvements	9,000			9,000
Cemetery building	<u>14,006</u>			<u>14,006</u>
Total capital assets being depreciated	<u>23,006</u>			<u>23,006</u>
Less accumulated depreciation for:				
Buildings & improvements:				
Township hall improvements	(2,250)	(450)		(2,700)
Cemetery building	<u>(2,100)</u>	<u>(350)</u>		<u>(2,450)</u>
Total accumulated depreciation	<u>(4,350)</u>	<u>(800)</u>		<u>(5,150)</u>
Total capital assets, being depreciated, net	<u>18,656</u>	<u>(800)</u>		<u>17,856</u>
Governmental activities capital assets, net	<u>\$ 48,656</u>	<u>\$ (800)</u>	<u>\$</u>	<u>\$ 47,856</u>

Depreciation expense was charged to functions/programs of the
government as follows:

Governmental activities:	
General government	\$ 800
Total depreciation expense- governmental activities	<u>\$ 800</u>

III. Detailed notes on all funds (Continued)

D. Interfund receivables, payables, and transfers

There were no interfund transfers during the fiscal year ending March 31, 2008.

The composition of interfund balances as of March 31, 2008, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Tax collection	<u>\$ 75,990</u>

IV. Other information

A. Risk management

The Township is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; and employee injuries (workers compensation).

The Township has purchased commercial insurance for all risks of loss. Settlements claims have not exceeded coverages for each of the past three fiscal years.

B. Pension plan

The Township paid \$2,502 during the fiscal year 2007/08 to a group flexible annuity contract to fund the pension plan for eligible participants. The employees reimburse the Township 50% of this cost.

Required Supplementary Information

Township of Millbrook
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended March 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final Budget Positive (Negative)</u>
REVENUES				
Property taxes and related fees	\$ 36,069	\$ 36,069	\$ 38,765	\$ 2,696
Intergovernmental revenue from state:				
State revenue sharing	80,619	80,619	78,023	(2,596)
SET			2,156	2,156
Metro Act			3,288	3,288
Charges for services			1,750	1,750
Interest earnings	8,513	8,513	8,317	(196)
Rents	240	240	510	270
Other:				
Sale of cemetery lots			100	100
Refunds	<u>741</u>	<u>741</u>	<u>1,429</u>	<u>688</u>
Total revenues	<u>126,182</u>	<u>126,182</u>	<u>134,338</u>	<u>8,156</u>
EXPENDITURES				
Current:				
Legislative:				
Township board	<u>11,100</u>	<u>11,100</u>	<u>11,595</u>	<u>(495)</u>
General government:				
Supervisor	3,995	3,995	3,591	404
Treasurer	8,550	8,550	8,979	(429)
Assessor	12,500	12,500	12,585	(85)
Clerk	7,050	7,050	6,279	771
Elections			703	(703)
Hall & grounds	5,000	5,000	4,023	977
All other general government:				
Board of review	1,500	1,500	459	1,041
Cemetery	<u>8,500</u>	<u>8,500</u>	<u>8,260</u>	<u>240</u>
Total general government	<u>47,095</u>	<u>47,095</u>	<u>44,879</u>	<u>2,216</u>

Township of Millbrook
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended March 31, 2008
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final Budget Positive (Negative)</u>
EXPENDITURES (CONTINUED):				
Current:				
Public works:				
Street lights	1,000	1,000	936	64
Roads	<u>80,000</u>	<u>80,000</u>	<u>3,900</u>	<u>76,100</u>
Total public works	<u>81,000</u>	<u>81,000</u>	<u>4,836</u>	<u>76,164</u>
Total expenditures	<u>139,195</u>	<u>139,195</u>	<u>61,310</u>	<u>77,885</u>
Net change in fund balance	(13,013)	(13,013)	73,028	86,041
Fund balance - beginning	<u>386,598</u>	<u>386,598</u>	<u>320,269</u>	<u>(66,329)</u>
Fund balance - ending	<u>\$373,585</u>	<u>\$ 373,585</u>	<u>\$393,297</u>	<u>\$ 19,712</u>

See notes to financial statements

COMMENTS AND RECOMMENDATIONS

Members of the Township Board
Township of Millbrook
Mecosta County, Michigan

My examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

Comments and Recommendations

The Treasurer prepares an annual treasurer's report listing the Townships checking, savings and CD accounts. My recommendation is the certificate of deposit's also have the corresponding CD number listed.

This letter supplements the information in the Financial Statements and Notes to Financial Statements. It is intended solely for the use of the Township Board and the Michigan Department of Treasury and should not be used for any other purpose.

Barry E. Gaudette, CPA, P.C.

July 27, 2008